



January 17, 2007

**RE: House Bill 88 – Eliminate Solid Waste Exclusion for Electric Generating Facilities**

Chairman Olson, members of the committee, for the record my name is Jeff Chaffee and I am a consultant managing environmental permitting for Southern Montana Electric Generation and Transmission Cooperative. Southern Montana Electric G&T, or SME, provides wholesale electric energy and related supply services to five rural electric distribution cooperatives located in south-central Montana, and a select number of electric services for the City of Great Falls - such as the City's water treatment facilities, schools, airport and municipal governmental functions.

SME is nearly through the environmental permitting process and is poised to move forward with the construction of a 250 mW coal-fired electric generation facility – Highwood Generating Station, or HGS, near Great Falls, Montana.

Early on in the environmental permitting process, SME recognized the importance of demonstrating to the concerned public that plans to control pollution from HGS were sound. Recognizing their current lack of authority to regulate on-site disposal of coal combustion wastes, we approached the Montana Department of Environmental Quality (DEQ) about voluntarily submitting an application for a solid waste monofill for coal combustion ash and water treatment wastes on the HGS site. We asked them to review our proposal, provide feedback on the appropriateness of the design, and be willing to explain to the public the outcome of that review.

I am pleased to report today that submitting HGS solid waste management plans for review and "approval" by DEQ has been a productive enterprise. The review has been thorough and, as promised, DEQ staff have shown up to explain their "voluntary role" at public meetings. Being able to demonstrate to the public that the state regulator of solid waste has reviewed and approved your plans has value.

Similar to other members of the regulated community, SME is, of course, concerned that any new coal combustion waste regulatory program is appropriate for Montana. Those concerns are focused on developing regulations that protect the environment without becoming overly prescriptive. Coal combustion wastes are not all alike, and "one size

fits all" regulations will not work. Further, SME is concerned that a fee system to support DEQ's regulatory program development and implementation be appropriately sized to support the necessary staff and program resources, but not become a "funding source." To address these concerns, we have been actively participating in DEQ's stakeholder process on this issue and we look forward to continuing that participation going forward.

Thank you, and I will be available to answer questions at the appropriate time.

Sincerely,



Jeff Chaffee